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March 27, 2008

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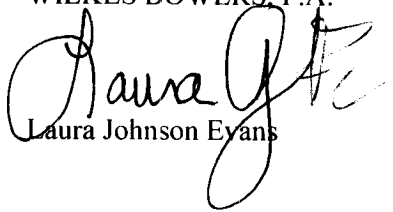
Re: Joint Application of Haig Point, Incorporated and CK Material, LLC for Approval of the Sale and
Transfer of Stock, Assets, and Operating Authority of Haig Point Utility Company, Incorporated
Docket No.: 2007-414-WS

Dear Sir/Madam:

Please find enclosed 25 copies of the direct testimony and exhibits of the witnesses Haig Point,
Incorporated and CK Material, LLC intend to present.

With kindest regards, I am

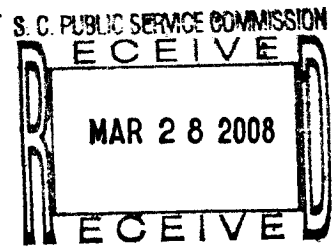
Sincerely yours,
WILKES BOWERS, P.A.


Laura Johnson Eyans

LJE/cbn
Enclosures

cc: Office of Regulatory Services
John F. Beach, Esquire

OK postmarked
OK D. Duke



**JOINT APPLICATION OF HAIG POINT, INC.
AND CK MATERIALS, LLC FOR APPROVAL
OF THE SALE AND TRANSFER OF STOCK,
ASSETS AND OPERATING AUTHORITY**

DOCKET NO.: 2007-414-W/S

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

TESTIMONY PREPARED: MARCH 26, 2008

HEARING DATE: APRIL 24, 2008

PRE-FILED TESTIMONY OF THOMAS F. CONNOR

1 BY MS. EVANS: Please state your name for the record.

2

3 BY MR. CONNOR: Thomas F. Connor

4

5 BY MS. EVANS: Please state your business address.

6

7 BY MR. CONNOR: 6400 Poplar Avenue, Memphis Tennessee 38197.

8

9 BY MS. EVANS: What is your occupation?

10

11 BY MR. CONNOR: I am the Vice-President and Secretary/Treasurer of Haig Point Utility
12 Company, Inc. I am also Controller of the Land Resources Division of International Paper
13 Company.

14

15 BY MS. EVANS: Please state your educational background.

16

17 BY MR. CONNOR: I received a Bachelor of Science I Economics from the University of
18 Pennsylvania in 1971, majoring in accounting.

19

20 BY MS. EVANS: Have you completed additional training and/or education since your graduation
21 from the University of Pennsylvania?

22

23 BY MR. CONNOR: I became a licensed Certified Public Accountant in 1971, and am currently
24 licensed as a Certified Public Accountant in the State of Texas.

25

26 BY MS. EVANS: Please state your work history.

27

28 BY MR. CONNOR: I was employed as an auditor by Ernst and Ernst, a public accounting firm,
29 from 1971 to 1974. From 1974 to 1985, I was employed in various financial positions in private

1 industry. From 1985 to 2000, I held various financial positions at Champion International, a
2 company acquired by International Paper. From 2000 to 2007, I was the Controller of
3 International Paper Realty Corporation. During that time period, I became Treasurer of Haig
4 Point Utility Company, Inc. I currently am Vice President and Secretary/Treasurer of Haig Point
5 Utility Company, Inc. and am Controller of the Land Resources Division of International paper
6 Company.

7
8 BY MS. EVANS: Can you describe the relationship between International Paper Company and
9 Haig Point Utility Company, Inc.?

10
11 BY MR. CONNOR: International Paper and Haig Point Utility Company, Inc. are separate
12 corporations. Haig Point Utility Company, Inc. is a wholly owned subsidiary of Haig Point, Inc.
13 (formerly known as International Paper Realty Corporation of South Carolina). Haig Point, Inc.
14 is a wholly owned subsidiary of International Paper Realty Corporation. International Realty
15 Corporation is a wholly owned subsidiary of The Branigar Organization, Inc. The Branigar
16 Organization, Inc. is owned by International Paper Company and one or more of International
17 Paper Company's affiliates and subsidiaries.

18
19 BY MS. EVANS: Can you provide some brief background regarding Haig Point Plantation and
20 Haig Point Utility Company, Inc.?

21
22 BY MR. CONNOR: Haig Point Plantation is located on Daufuskie Island in southern Beaufort
23 County. Haig Point Plantation is Daufuskie's largest development, totaling one thousand and
24 forty acres. It is located in the northeast portion of the island. All developments on Daufuskie
25 are provided potable water from the Upper Floridian aquifer by wells of varying capacities.
26 Haig Point Utility Company, Inc. provides the water supply to Haig Point Plantation, including all
27 residential and commercial potable and irrigation water. Haig Point Utility Company, Inc.'s
28 system is currently composed of three five hundred gallon per minute groundwater wells, one
29 of which is a redundant well built to maintain the fire flow required by local ordinances and

1 requirements. In addition, there is a one hundred twenty five thousand gallon (125g) elevated
2 water storage tank and associated equipment. There is also a wastewater treatment plant on
3 the island which services both Haig Point Plantation and the Melrose Development.
4

5 BY MS. EVANS: What are your current duties as they relate to Haig Point Utility Company, Inc.?
6

7 BY MR. CONNOR: I am the Vice President and Secretary/Treasurer of Haig Point Utility
8 Company, Inc., a corporate officer. In that regard, I direct the financial affairs of the utility and
9 prepare financial analyses of operations, including financial statements with supporting
10 schedules, for the guidance of utility management. In addition, I am responsible for the utility's
11 financial plans and policies, its accounting practices, the maintenance of its fiscal records, the
12 preparation of financial reports, and the supervision over general accounting, property
13 accounting, internal auditing, cost accounting and budgetary controls.
14

15 BY MS. EVANS: How many employees currently work at the utility?
16

17 BY MR. CONNOR: Two full-time employees, including one manager and one technician, as well
18 as three part-time employees. The total number of full-time equivalent employees ("FTE"s) is
19 three and one-half.
20

21 BY MS. EVANS: Who are the directors of Haig Point Utility Company, Inc.?
22

23 BY MR. CONNOR: David A. Liebetreu and Sabina T. Finnegan.
24

25 BY MS. EVANS: Do any of the officers or directors of Haig Point Utility Company, Inc. have
26 offices on Daufuskie Island?
27

28 BY MR. CONNOR: No. The individuals are absentee officers and directors.
29

1 BY MS. EVANS: Please give an overview of the Haig Point Utility Company, Inc. system and the
2 customers served by it.

3
4 BY MR. CONNOR: A total of approximately two hundred and five residences have been built in
5 Haig Point Plantation and are connected to the water system, along with clubhouse facilities,
6 golf facilities, public restrooms, an inn, various commercial facilities, the wastewater treatment
7 plant, the public school, pools, an equestrian center, a golf cart cleaning area, a construction
8 company site, and the golf course maintenance area. As well, the utility has an agreement with
9 the Cedar Cove development [a total of eighteen (18) units] to serve its water needs. This
10 agreement was previously approved by the South Carolina Public Service Commission. The
11 utility is currently permitted to withdraw seventy-five million gallons per year (75 mgy) from
12 the three existing groundwater wells. This withdrawal limit is based on historical usage data
13 and increases in the limit can be sought from the South Carolina Department of Health and
14 Environmental Control as buildout continues.

15
16 BY MS. EVANS: Is there any limit to the withdrawal amounts the utility can seek from the South
17 Carolina Department of Health and Environmental Control as buildout continues?

18
19 BY MR. CONNOR: Not to my knowledge, although the permit process takes into account the
20 reasonableness of water usage and the availability of the water resource.

21
22 BY MS. EVANS: Can you describe generally the development plan for Haig Point Plantation?

23
24 BY MR. CONNOR: Yes. Additional residential construction is expected, although construction
25 has been declining due to recent economic factors. A total of seven hundred thirty-five (735)
26 residences are contemplated. All lots have been sold. All of the residences contemplated
27 would be located within the physical confines of Haig Point Plantation and served by Haig Point
28 Utility Company, Inc.

1 BY MS. EVANS: In the last case in front of the Public Service Commission, when was buildout
2 estimated to be for Haig Point Plantation?

3

4 BY MR. CONNOR: 2024.

5

6 BY MS. EVANS: Does this still hold true?

7

8 BY MR. CONNOR: Construction has slowed, likely due to economic factors, and thus the
9 projected buildout numbers per year have not been achieved. Therefore, I would anticipate
10 buildout to be beyond 2024.

11

12 BY MS. EVANS: Does Haig Point, Inc. have any assets remaining on Daufuskie Island?

13

14 BY MR. CONNOR: Only Haig Point Utility Company, Inc. Haig Point, Inc. has sold all other
15 holdings on Daufuskie Island, including all residential lots it once owned.

16

17 BY MS. EVANS: In connection with your duties to Haig Point Utility Company, Inc., have you
18 participated in the decision to sell the utility to CK Materials, LLC?

19

20 BY MR. CONNOR: I have.

21

22 BY MS. EVANS: Why was the decision made to attempt to sell the utility?

23

24 BY MR. CONNOR: The foremost reason is that, Haig Point, Inc., the sole member of the utility,
25 has ceased doing business on Daufuskie Island and has divested itself of all of its holdings there
26 except the utility. This created a situation in which the owner and operator have no real ties to
27 the island and would be a completely absentee owner other than its frontline employees. The
28 thought was that an owner which was more connected to the island and to Haig Point
29 Plantation specifically would be more suitable to operate the utility in the long-term. One

1 would hope that communication would be easier between an owner who is more present on
2 the island. Improved communication can only lead to improved service and a more thorough
3 understanding of the customers' concerns or problems.

4
5 BY MS. EVANS: How are property owners assured that they will have a tap for water service
6 once a residence is built?

7
8 BY MR. CONNOR: Pursuant to the HUD statement for the properties within Haig Point
9 Plantation, when a lot is sold, but remains undeveloped, the lot owner must pay an annual
10 availability fee of One Hundred Eighty Dollars (\$180.00) to Haig Point, Inc.

11
12 BY MS. EVANS: I am going to hand you a document which I will mark Applicant's Exhibit 1. Can
13 you identify it?

14
15 BY MR. CONNOR: This is the portion of the HUD statement which requires the lot owner to pay
16 an availability fee. This provision is contained on Page 12 of the document.

17
18 [INTRODUCTION OF EXHIBIT 1]

19
20 BY MS. EVANS: What is the purpose of this availability fee?

21
22 BY MR. CONNOR: Availability fees are annual charges paid by lot owners who will be future
23 utility customers to reserve tap capacity and ensure service is available when they become a
24 connected customer.

25
26 BY MS. EVANS: Is this fee charged to all owners of undeveloped lots?

27
28 BY MR. CONNOR: Yes.

29

1 BY MS. EVANS: Does this fee reserve a certain usage capacity for each customer once they
2 become connected?

3
4 BY MR. CONNOR: No. That would be impossible as usage rates vary greatly, especially in resort
5 communities. We must keep in mind that Daufuskie Island is a barrier resort island, with no
6 roadway connection to the mainland. It is a unique island, with many part-time inhabitants.
7 The availability fee simply reserves a tap. Usage would be based upon the then existing
8 withdrawal capacity, which, in turn, is based on reasonable water use and the viability of the
9 water resource.

10
11 BY MS. EVANS: If CK Materials purchases the utility, will the taps for which availability fees
12 have been paid to date still be reserved?

13
14 BY MR. CONNOR: Yes, as long as the annual fee continues to be paid. The reservation runs
15 with the utility as a corporate entity.

16
17 BY MS. EVANS: To whom or what will future availability fees be paid?

18
19 MR. CONNOR: As I said previously, availability fees are annual fees. If the proposed sale is
20 approved, future availability fees will be paid to the utility, regardless of the owner.

21
22 BY MS. EVANS: Are performance bonds currently in place for Haig Point Utility Company, Inc.?

23
24 BY MR. CONNOR: Yes. There are two Three Hundred Fifty Thousand Dollar (\$350,000.00)
25 performance bonds in place, one for water and one for sewer.

26
27 BY MS. EVANS: Are these two performance bonds transferable to a new owner if the utility is
28 sold?

29

1 BY MR. CONNOR: No.

2

3 BY MS. EVANS: Therefore, CK Materials, LLC will have to procure and provide its own bonds?

4

5 BY MR. CONNOR: Yes.

6

7 BY MS. EVANS: Are you familiar with CK Materials, LLC?

8

9 BY MR. CONNOR: Yes, specifically Jamie Karabinchak, one of the principals of CK Materials, Inc.

10

11 BY MS. EVANS: What can you tell us regarding Mr. Karabinchak?

12

13 BY MR. CONNOR: Mr. Karabinchak is the individual with whom most of the sales negotiations
14 have occurred. He is a business owner in the contracting business and has numerous business
15 and private property holdings on Daufuskie Island. I also understand that Mr. Karabinchak's
16 company has been performing certain pre-development activities such as clearing and paving
17 for developers on the island.

18

19 BY MS. EVANS: Do you know Terry Lee of Terry Lee Contracting?

20

21 BY MR. CONNOR: Not personally, but I do know that the company installs water, sewer and
22 drainage infrastructure for site development and utility projects. In fact, the company
23 performed some of the work on the water and sewer line infrastructure within Haig Point. As
24 well, the company was a customer of the utility at one time for its construction site which is
25 adjacent to the utility. It is my understanding that CK Materials, LLC owns that site currently.

26

27 BY MS. EVANS: Do you know John Guastella of Guastella Associates?

28

1 BY MR. CONNOR: Very well. Mr. Guastella and his firm are nationally recognized experts in the
2 fields of utility regulation, rate-setting, and management. I personally worked with Mr.
3 Guastella and his firm to construct the current rate structure in place for the utility.

4
5 BY MS. EVANS: In your personal opinion, having worked with Mr. Guastella and his firm in the
6 past, are they capable of managing Haig Point Utility Company, Inc.

7
8 BY MR. CONNOR: I cannot think of a better individual or company to manage the utility and to
9 take it into the future.

10
11 BY MS. EVANS: In your experience as Treasurer of Haig Point Utility Company, Inc., can you tell
12 us how a utility is able to perform upgrades or make investment in the physical plant?

13
14 BY MR. CONNOR: It is only through being able to attract capital for investment that a utility can
15 reasonably and responsibly make upgrades or invest in the utility's physical plant.

16
17 BY MS. EVANS: How is a utility able to attract capital for investment?

18
19 BY MR. CONNOR: By having in place a rate structure that allows a reasonable return to the
20 owner/investor.

21
22 BY MS. EVANS: Is this true regardless of what entity owns the utility?

23
24 BY MR. CONNOR: Yes.

25
26 BY MS. EVANS: If current ownership remained and the sale was not completed, what would
27 have to be done in order to attract investment to make upgrades and invest in the physical
28 plant?

1 BY MR. CONNOR: We would have to ensure that the rate structure enables the utility to attract
2 capital from potential investors.

3

4 BY MS. EVANS: Does the same hold true if potential investors are companies that may be
5 affiliated in some manner with the utility?

6

7 BY MR. CONNOR: Yes.

8

9 BY MS. EVANS: Does this conclude your testimony?

10

11 BY MR. CONNOR: Yes.

EXHIBIT 1

UTILITIES

Here we will discuss the availability and cost of basic utilities. The areas covered will be water, sewer, electricity, telephone, and fuel or other energy sources.

WATER

The subdivision is served by a central water system provided by us. Final use and operation permits have been obtained from the South Carolina Department of Health and Environmental Control for all Phases except for Phase XXII. These are all the permits required to provide for the operation of the central water system in those Phases.

Water is supplied to the subdivision by a privately owned subsidiary company of the developer, Haig Point Utility Company, Inc., having its address at: Ten Haig Point Circle, Hilton Head Island, SC 29928. Water mains have been extended in front of each lot in all Phases except the lots in Phase XXII which is scheduled for completion as follows:

Phase	Estimated Starting Date (Mo./Yr.)	Percentage of Construction Now Complete	Estimated Service Availability Date (Mo./Yr.)
Phase XXII	June, 2000	5%	April, 2001

Water will not be available to lots in Phase XXII until construction has been completed and an operating permit has been issued.

THE OPERATING PERMIT FOR THE USE AND OPERATION OF THE WATER SYSTEM IN PHASE XXII HAS NOT YET BEEN OBTAINED, THEREFORE THERE IS NO ASSURANCE THE SYSTEM CAN BE USED IN THIS PHASE. WATER SERVICE IN PHASE XXII WILL NOT BE AVAILABLE UNTIL CONSTRUCTION HAS BEEN COMPLETED AND THE OPERATING PERMIT HAS BEEN OBTAINED.

The developer has posted an irrevocable Letter of Credit with the County of Beaufort to assure completion of the water system in Phase XXII.

Each lot owner other than the developer will pay an annual availability fee of \$180.00 paid in quarterly installments of \$45.00 to Haig Point, Inc. once operating permits have been issued. When each lot owner connects to the system, the lot owner will pay a one-time connection fee of \$500.00 for water service, and regular user fees as approved by the South Carolina Public Service Commission (SCPSC).

Hydrological surveys and chemical analysis have been done to determine that there is a sufficient source of water available to serve the anticipated population of the subdivision, which supply meets present drinking water standards.

Two water wells have been constructed to supply the potable water requirements for the project. These wells are 10 inch diameter wells, each capable of providing 500 gallons per minute, tapping the upper part of the Tertiary Limestone Aquifer. Each of the wells is capable of yielding at least 1.5 times the average daily demand for water. The present capacity of the central water system is sufficient for 300 single family dwelling unit connections. The developer has entered into an agreement with the S. C. Department of Health and Environmental Control to begin construction of the water storage facilities at such point as there are 240 units served. Such a water storage facility would increase the capacity of the central water system to 725 units. Including the lots in this offering, there are currently 763 connections already assigned with 153 connections currently being served.

An Irrevocable Letter of Credit has been issued to the Haig Point Community Association and the Manufactured Housing Division of the Michigan Department of Commerce to assure construction of the water storage facilities.

THE PRESENT CAPACITY OF THE CENTRAL WATER SYSTEM IS ONLY SUFFICIENT TO SERVE 300 OF THE 676 LOTS COVERED BY THIS REPORT. ADDITIONAL CAPACITY WILL NOT BE AVAILABLE UNTIL THE WATER STORAGE FACILITIES HAVE BEEN CONSTRUCTED.

Use of the central water system is mandatory and no individual systems will be permitted at any time.

SEWER

This subdivision will use a central sewerage system. The central sewerage system has been completed and the necessary governmental approvals have been obtained for its operation in all Phases except for Phases XX and XXII. All lot owners will be subscribers to the system and will be entitled to service. Sewer lines have been extended to all lots except the lots in Phase XXII which are scheduled for completion as follows:

Phase	Estimated Starting Date (Mo./Yr.)	Percentage of Construction Now Complete	Estimated Service Availability Date (Mo./Yr.)
Phase XXII	June, 2000	5%	April, 2001

**JOINT APPLICATION OF HAIG POINT, INC.
AND CK MATERIALS, LLC FOR APPROVAL
OF THE SALE AND TRANSFER OF STOCK,
ASSETS AND OPERATING AUTHORITY**

DOCKET NO.: 2007-414-W/S

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

TESTIMONY PREPARED: MARCH 26, 2008

HEARING DATE: APRIL 24, 2008

PRE-FILED TESTIMONY OF TRENT THOMPSON

1 **BY MS. EVANS: Please state your name.**

2
3 BY MR. THOMPSON: Trent Vincent Thompson.

4
5 **By MS. EVANS: Please state your business address.**

6
7 BY MR. THOMPSON: Thomas & Hutton Engineering Co., 50 Park of Commerce
8
9 Way, Savannah, Georgia.

10
11 **BY MS. EVANS: In what business is Thomas & Hutton?**

12
13 BY MR. THOMPSON: Thomas & Hutton is a privately-held civil engineering firm
14
15 headquartered in Savannah, Georgia.

16
17 **BY MS. EVANS: Is Savannah Thomas & Hutton's only office?**

18
19 BY MR. THOMPSON: No. We have offices throughout the southeast, including
20
21 Savannah; Brunswick, Georgia; Charleston, South Carolina; Myrtle Beach, South
22
23 Carolina; and Wilmington, North Carolina.

24
25 **BY MS. EVANS: What services does Thomas & Hutton offer?**

26
27 BY MR. THOMPSON: We work as consultants for private and public clients in many
28
29 markets, including residential, commercial, industrial, institutional, transportation,
30
31 environmental, structural, and marine. Key services include surveying, planning,
32
33 engineering design, and GIS and mapping. One of our main strengths is planning,
34
35 designing, and delivering functional engineering projects in a coastal environment.

36
37 **BY MS. EVANS: Please state your position within Thomas & Hutton.**

38
39 BY MR. THOMPSON: I am a Professional Engineer and a Project Manager with
40
41 Thomas & Hutton.

42
43 **BY MS. EVANS: Please describe your educational background.**

44
45 BY MR. THOMPSON: I graduated from Mercer University in 2001 with a degree in
46
47 Environmental Engineering.

1 **BY MS. EVANS: Do you hold any professional licensure?**

2
3 BY MR. THOMPSON: I am a licensed professional engineer in the states of South
4
5 Carolina, North Carolina, Georgia, and Florida.
6

7 **BY MS. EVANS: Please state your work history.**

8
9 BY MR. THOMPSON: From 2001 to present, I have been employed by Thomas &
10
11 Hutton.
12

13 **BY MS. EVANS: Please state your particular expertise in the water and sewer**
14
15 **utility market.**

16
17 BY MR. THOMPSON: I have provided engineering consulting services for
18
19 municipal and investor-owned water and sewer utilities in my work at Thomas & Hutton
20
21 over the years.
22

23 **BY MS. EVANS: Before what regulatory agencies and municipal jurisdictions have**
24
25 **you previously presented expert testimony?**

26
27 BY MR. THOMPSON: To date I have not presented expert testimony in any regulatory
28
29 or municipal jurisdictions.
30

31 **BY MS. EVANS: Are you active in professional organizations and associations?**

32
33 BY MR. THOMPSON: Yes, I am an active member of the Georgia Society of
34
35 Professional Engineers and the National Society of Professional Engineers.
36

37 **BY MS. EVANS: Can you tell us what your role is in the present matter before the**
38
39 **Commission?**

40
41 BY MR. THOMPSON: Thomas & Hutton has a longstanding relationship with Haig
42
43 Point Utility Company dating back to the original construction of the first water supply
44
45 and distribution systems within the development. Over the years, Thomas & Hutton has
46

1 advised and consulted with Haig Point Utility Company on regulatory compliance,
2
3 permitting, civil and structural engineering, and developing design specifications for
4
5 additions to the well water supply systems.
6

7 **BY MS. EVANS: Were you involved in these projects?**

8
9 BY MR. THOMPSON: Since my employment began, I specifically worked on the
10
11 project dealing with the elevated water storage tank and Well #3.
12

13 **BY MS. EVANS: What was your role on this project?**

14
15 BY MR. THOMPSON: Consulting design engineer.
16

17 **BY MS. EVANS: Based upon your involvement on this project, are you familiar**
18
19 **with water usage patterns within Haig Point?**
20

21 BY MR. THOMPSON: Yes.
22

23 **BY MS. EVANS: Are you familiar with the current physical plant of Haig Point**
24
25 **Utility Company?**
26

27 BY MR. THOMPSON: Yes.
28

29 **BY MS. EVANS: Are you familiar with the utility's regulatory permits?**
30

31 BY MR. THOMPSON: Yes.
32

33 **BY MS. EVANS: From where does Haig Point Utility Company, Inc. draw**
34
35 **groundwater?**
36

37 BY MR. THOMPSON: The current wells draw from the Upper Floridian Aquifer.
38

39 **BY MS. EVANS: How is groundwater withdrawal regulated?**
40

41 BY MR. THOMPSON: The South Carolina Department of Health and Environmental
42
43 Control Bureau of Water issues permits for groundwater use in accordance with the
44
45 Regulations for Groundwater Use in the Low Country and the Groundwater Use and
46

1 Reporting Act.

2
3 **BY MS. EVANS: Does Haig Point Utility Company currently have a groundwater**
4 **withdrawal permit?**

5
6
7 BY MR. THOMPSON: Yes.

8
9 **BY MS. EVANS: What is the current groundwater withdrawal limit?**

10
11 BY MR. THOMPSON: Seventy-five million gallons per year.

12
13 **BY MS. EVANS: Has the utility had a different withdrawal limit in the past?**

14
15 BY MR. THOMPSON: Yes. From the late 1980s until the most recent permit, the
16
17 utility's groundwater withdrawal limit was 111.191 million gallons per year.

18
19 **BY MS. EVANS: Do you know why the limit was decreased?**

20
21 BY MR. THOMPSON: Yes. From the late 1980s until the most recent permit cycle,
22
23 SCDHEC permitted withdrawal limits based upon projected need at buildout. More
24
25 recently, SCDHEC has permitted withdrawal limits based upon reasonable historic usage.
26
27 In April 2005, SCDHEC proposed a reduced withdrawal rate based on historic water
28
29 usage data obtained from sanitary surveys of Haig Point Utility Company, Inc. from 2000
30
31 to 2004. SCDHEC cited the sensitivity of coastal groundwater resources and the
32
33 indication that the historical consumption of water was disproportionate to the population
34
35 served as the basis for the reduced limit.

36
37 **BY MS. EVANS: Is Haig Point Plantation at buildout?**

38
39 BY MR. THOMPSON: No.

40
41 **BY MS. EVANS: If the continued buildout increases water demand beyond the**
42 **current withdrawal limit of 75 million gallons per year, what happens?**

43
44
45 BY MR. THOMPSON: Current SCDHEC policies and regulations, would allow the
46

1 utility to file an application for modification to the withdrawal capacity permit with the
2
3 Groundwater Management Section. SCDHEC will then have sole discretion in
4
5 determining if a modification to the permitted withdrawal limit is granted.
6

7 **BY MS. EVANS: Can you give us an estimate of the most recent water usage data**
8
9 **you have?**

10
11 BY MR. THOMPSON: Yes. Prior to the last groundwater withdrawal permit being
12
13 issued, Thomas & Hutton was furnished historic water use data from Haig Point Utility
14
15 Company, Inc. for a one-year period from March 31, 2001 to March 31, 2002. The data
16
17 was utilized in determining average daily potable and irrigation usage per residence.
18

19 **BY MS. EVANS: What were those average usage rates?**

20
21 BY MR. THOMPSON: For customers within Haig Point Plantation, the average daily
22
23 potable usage was calculated to be 204 gallons per day. The average daily irrigation
24
25 usage was calculated to be 563 gallons per day.
26

27 **BY MS. EVANS: Do you know how much water was withdrawn last year (2007)?**

28
29 BY MR. THOMPSON: Based on well meter readings provided by Haig Point Utility
30
31 Company, Inc., for the one-year period between January 2007 and December 2007, the
32
33 annual withdrawal for 2007 was approximately sixty-one million gallons.
34

35 **BY MS. EVANS: Are you familiar with Terry Lee of Terry Lee Contracting?**

36
37 BY MR. THOMPSON: Yes. Terry Lee Contracting is a licensed utility contractor
38
39 based in Hardeeville, South Carolina. Terry Lee Contracting performed certain portions
40
41 of the water distribution system and sewer collection and conveyance system within Haig
42
43 Point.
44

45 **BY MS. EVANS: What is your opinion of the work performed by Terry Lee**
46

1 **Contracting?**

2
3 BY MR. THOMPSON: Terry Lee Contracting has worked on several past projects for
4
5 municipal and private owners in the Savannah and South Carolina Low Country area.

6
7 Their work on these past projects has been completed in general conformance with
8
9 approved plans and specifications and to the satisfaction of the respective owners.

10
11 **BY MS. EVANS: Does this complete your testimony?**

12
13 BY MR. THOMPSON: Yes.

**JOINT APPLICATION OF HAIG POINT, INC.
AND CK MATERIALS, LLC FOR APPROVAL
OF THE SALE AND TRANSFER OF STOCK,
ASSETS AND OPERATING AUTHORITY**

DOCKET NO.: 2007-414-W/S

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

TESTIMONY PREPARED: MARCH 26, 2008

HEARING DATE: APRIL 24, 2008

PRE-FILED TESTIMONY OF TERRY R. LEE

1 BY MR. STRAUSS: Please state your name for the record.

2

3 BY MR. LEE: TERRY R. LEE.

4

5 BY MR. STRAUSS: Please state your business address.

6

7 BY MR. LEE: 9688 SPEEDWAY BLVD, HARDEEVILLE, SOUTH CAROLINA 29927.

8

9 BY MR. STRAUSS: What is your occupation?

10

11 BY MR. LEE: PRESIDENT AND OWNER OF TERRY R. LEE CONTRACTING COMPANY.

12

13 BY MR. STRAUSS: Please state your work history.

14

15 BY MR. LEE: I STARTED MY CAREER IN CONSTRUCTION IN 1972 WORKING IN THE ROAD
16 BUILDING BUSINESS FOR DIFFERENT COMPANIES. IN 1988, I JOINED THRIFT CONTRACTING CO
17 ON DAUFUSKIE ISLAND AND WORKED AS VICE PRESIDENT AND SUPERINTENDENT OF THE
18 COMPANY'S OPERATIONS. IN 1996, I STARTED TERRY R. LEE CONTRACTING COMPANY AND I
19 AM ITS PRESIDENT AND OWNER TODAY.

20

21 BY MR. STRAUSS: Please state your educational background.

22

23 BY MR. LEE: I AM A 1967 GRADUATE OF BRYAN COUNTY HIGH SCHOOL, PEMBROKE, GEORGIA.
24 I THEN GRADUATED FROM GEORGIA SOUTHWESTERN COLLEGE IN AMERICUS, GEORGIA WITH A
25 BS IN BUSINESS ADMINISTRATION

26

27 BY MR. STRAUSS: Have you completed additional training and/or education?

28

1 BY MR. LEE: I HOLD A UTILITY CONTRACTORS LICENSE IN THE STATES OF SOUTH CAROLINA
2 AND GEORGIA

3

4 BY MR. STRAUSS: What kind of work is Terry Lee Contracting engaged in?

5

6 BY MR. LEE: PRIMARILY WATER AND SEWER CONSTRUCTION FOR RESIDENTIAL
7 COMMUNITIES AND PUBLIC UTILITY COMPANIES.

8

9 BY MR. STRAUSS: For the purposes of the proposed purchase of Haig Point Utility Company,
10 Inc., who are the officers or members of CK Materials, LLC who will be involved?

11

12 BY MR. LEE: JAMIE KARABINCHAK AND ME.

13

14 BY MR. STRAUSS: Please describe your holdings or business on Daufuskie Island.

15

16 BY MR. LEE: I OWN LOT 29 SANDY LANE AND A BOAT SLIP AT FREEPORT MARINA.

17

18 BY MR. STRAUSS: How much business investment do you have on Daufuskie Island?

19

20 BY MR. LEE: THIS IS DEPENDENT ON WHAT PROJECTS MY COMPANY MAY BE WORKING ON AT
21 THE TIME. WHEN WE ARE INVOLVED WITH A PROJECT, I HAVE SIGNIFICANT INVESTMENT IN
22 TERMS OF EQUIPMENT ON THE ISLAND.

23

24 BY MR. STRAUSS: How much personal investment do you have on Daufuskie Island?

25

26 BY MR. LEE: I OWN THE PROPERTIES I DESCRIBED ABOVE, A LOT AND A BOAT SLIP.

27

28 BY MR. STRAUSS: Can you describe generally the development plan for Haig Point Plantation?

29

1 BY MR. LEE: YES. RESIDENTIAL CONSTRUCTION IS ONGOING, BUT SLOW AT THE PRESENT
2 TIME. THERE ARE SEVEN HUNDRED THIRTY FIVE PLANNED RESIDENCES WITHIN HAIG POINT.
3 ALL WOULD BE SERVED BY HAIG POINT UTILITY COMPANY.
4

5 BY MR. STRAUSS: Can you estimate when buildout is estimated to occur for Haig Point
6 Plantation?
7

8 BY MR. LEE: ORIGINALLY, IT WAS ESTIMATED TO BE AROUND 2024, BUT IT WILL MOST LIKELY
9 BE WELL BEYOND 2024.
10

11 BY MR. STRAUSS: Why did you make the decision to attempt to purchase Haig Point Utility
12 Company, Inc.?
13

14 BY MR. LEE: WITH THE RESOURCES OF CK MATERIALS AND THE RESOURCES OF MY COMPANY,
15 I BELIEVE WE HAVE THE OPPORTUNITY TO PROVIDE A QUALITY, VERY EFFICIENT OPERATION OF
16 THE WATER AND SEWER SERVICES FOR THE RESIDENTS OF HAIG POINT.
17

18 BY MR. STRAUSS: How can property owners be assured that they will have a tap for water
19 service once a residence is built?
20

21 BY MR. LEE: THEY PAY AN ANNUAL AVAILABILITY FEE. THE AVAILABILITY FEE IS CURRENTLY
22 PAID TO HAIG POINT, INC., BUT ALL WOULD BE HONORED BY THE NEW OWNER. IN THE
23 FUTURE, AVAILABILITY FEES WOULD BE PAID TO THE NEW OWNER.
24

25 BY MR. STRAUSS: Does this fee reserve a certain usage capacity for each customer once they
26 become connected?
27

28 BY MR. LEE: NO. THE FEE SIMPLY RESERVES A TAP. WATER USAGE WOULD BE DETERMINED
29 BY HOW MUCH WATER THE UTILITY COULD WITHDRAW AT THE TIME. HOW MUCH WATER

1 THE UTILITY COULD WITHDRAW IS AFFECTED BY THE HEALTH OF THE WATER RESOURCE AND
2 HISTORICAL USAGE DATA DEEMED REASONABLE BY DHEC.

3

4 BY MR. STRAUSS: Are performance bonds currently in place for Haig Point Utility Company,
5 Inc.?

6

7 BY MR. LEE: YES. THERE ARE TWO THREE HUNDRED FIFTY THOUSAND DOLLAR (\$350,000.00)
8 PERFORMANCE BONDS IN PLACE, ONE FOR WATER AND ONE FOR SEWER.

9

10 BY MR. STRAUSS: Are these two performance bonds transferable to CK Materials, LLC?

11

12 BY MR. LEE: NO.

13

14 BY MR. STRAUSS: Therefore, CK Materials, LLC will have to procure and provide its own bonds?

15

16 BY MR. LEE: YES.

17

18 BY MR. STRAUSS: Has CK Materials, LLC taken steps to procure such bonds?

19

20 BY MR. LEE: YES. WE HAVE RECEIVED A LETTER OF INTENT REGARDING COMMERCIAL
21 BONDING FOR BONDS IN THE SAME AMOUNTS AS ARE CURRENTLY IN PLACE.

22

23 BY MR. STRAUSS: Does CK Materials, LLC have any experience in running a water utility?

24

25 BY MR. LEE: NO. BECAUSE OF THIS, WE HAVE RETAINED THE SERVICES OF JOHN GUASTELLA
26 AND GUASTELLA ASSOCIATES TO PROVIDE MANAGEMENT FOR THE UTILITY. MR. GUASTELLA
27 AND HIS FIRM ARE NATIONALLY RECOGNIZED EXPERTS IN THE UTILITY FIELD.

28

1 BY MR. STRAUSS: Please describe what Mr. Guastella and Guastella Associates have been
2 retained to do with regard to Haig Point Utility Company, Inc.

3
4 BY MR. LEE: JOHN GUASTELLA BRINGS TO THE TABLE A VAST KNOWLEDGE OF OPERATING
5 WATER AND SEWER SYSTEMS. WE WILL LOOK TO MR. GUASTELLA TO ASSIST US WITH
6 FINANCIAL MANAGEMENT, OPERATIONAL REQUIREMENTS, ENVIRONMENTAL GUIDELINES AND
7 UP-TO-DATE TECHNOLOGIES TO PROVIDE SAFE AND ADEQUATE SERVICE.

8
9 BY MR. STRAUSS: Will CK Materials, LLC retain the current Haig Point Utility Company, Inc.
10 employees after the sale?

11
12 BY MR. LEE: YES, ABSOLUTELY. IT IS ESSENTIAL TO MAINTAIN CONTINUITY.

13
14 BY MR. STRAUSS: How will you and your company plan for future plant expansion, upgrades, or
15 renovations?

16
17 BY MR. LEE: OUR GOAL IS TO DO ANYTHING AND EVERYTHING POSSIBLE TO ENSURE SAFE AND
18 ADEQUATE WATER AND SEWER SERVICE FOR OUR CUSTOMERS. WITH THE HELP OF
19 GUASTELLA ASSOCIATES, WE AIM TO MAINTAIN APPROPRIATE RATE STRUCTURES SO THAT THE
20 UTILITY IS ABLE TO ATTRACT CAPITAL FOR SUCH INVESTMENT AND, AGAIN, PROVIDE SAFE AND
21 ADEQUATE SERVICE.

22
23 BY MR. STRAUSS: Will your company as the new owner institute water conservation measures?

24
25 BY MR. LEE: YES, ABSOLUTELY. THIS IS ONE OF OUR MAIN PRIORITIES. VIABILITY OF THE
26 WATER RESOURCE IS VITAL TO EVERYONE ON THE COAST OF SOUTH CAROLINA. ALONG WITH
27 GUASTELLA ASSOCIATES, WE WILL WORK TOGETHER TO EVALUATE CONSERVATION OPTIONS
28 AVAILABLE, TO DEVELOP AND IMPLEMENT OUR CONSERVATION GOALS, TO EDUCATE AND
29 ASSIST CUSTOMERS IN UNDERSTANDING SUCH GOALS AND, IF NECESSARY, ENFORCE THEM.

1 BY MR. STRAUSS: Does this conclude your testimony?

2

3 BY MR. LEE: Yes.

**JOINT APPLICATION OF HAIG POINT, INC.
AND CK MATERIALS, LLC FOR APPROVAL
OF THE SALE AND TRANSFER OF STOCK,
ASSETS AND OPERATING AUTHORITY**

DOCKET NO.: 2007-414-W/S

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

TESTIMONY PREPARED: MARCH 26, 2008

HEARING DATE: APRIL 24, 2008

PRE-FILED TESTIMONY OF JAMIE KARABINCHAK

1 BY MR. STRAUSS: Please state your name for the record.

2

3 BY MR. KARABINCHAK: Jamie Karabinchak.

4

5 BY MR. STRAUSS: Please state your business address.

6

7 BY MR. KARABINCHAK: 102 Buckthorn Court, Daufuskie Island, SC 29915

8

9 BY MR. STRAUSS: What is your occupation?

10

11 BY MR. KARABINCHAK: I am the Vice President of CK Materials, LLC, the proposed buyer of Haig
12 Point Utility Company, Inc. Additionally, I am the CEO of Karabinchak Bros. Inc. and Vice
13 President of JNC Materials, LLC.

14

15 BY MR. STRAUSS: Please state your work history.

16

17 BY MR. KARABINCHAK: I started with Karabinchak Bros. Inc. in 1980. I worked in the field as an
18 operating engineer, and concrete finisher. I became an officer of the company in 1993, working
19 full time as the Secretary/Treasurer until 2002. At that time, I became the President and
20 continued in that capacity until 2006 when I was named the CEO, a title I hold today.

21

22 BY MR. STRAUSS: Please state your educational background.

23

24 BY MR. KARABINCHAK: I am a High School Graduate. In 1979, I graduated from Woodbridge
25 High School in Woodbridge, New Jersey.

26

27 BY MR. STRAUSS: What kind of work is CK Materials, LLC engaged in?

28

1 BY MR. KARABINCHAK: CK Materials, LLC is a concrete manufacturer, specializing in site
2 construction, concrete and masonry construction, and concrete disposal services.

3

4 BY MR. STRAUSS: For the purposes of the proposed purchase of Haig Point Utility Company,
5 Inc., who are the officers or members of CK Materials, LLC who will be involved?

6

7 BY MR. KARABINCHAK: Myself as Managing Member, and Terry R. Lee as a Member. David
8 Hutt and Ron Shimanowitz may potentially be involved in the proposed purchase of Haig Point
9 Utility Company, Inc.

10

11 BY MR. STRAUSS: Please describe your holdings or business on Daufuskie Island.

12

13 BY MR. KARABINCHAK: In terms of Land, I own Lot 593 in Haig Point, Lot 53 in Bloody Point,
14 Three (3) parcels of land consisting of Eight (8) Acres, located at 78 Old Haig Pt. Road. I also own
15 a Condominium, #2201 Sandy Lane, and a lease on 102 Buckthorn Court.

16

17 BY MR. STRAUSS: In terms of dollars, how much business investment do you have on Daufuskie
18 Island?

19

20 BY MR. KARABINCHAK: \$1.9 Million

21

22 BY MR. STRAUSS: In terms of dollars, how much personal investment do you have on Daufuskie
23 Island?

24

25 BY MR. KARABINCHAK: \$2.5 Million

26

27 BY MR. STRAUSS: Can you describe generally the development plan for Haig Point Plantation?

28

1 BY MR. KARABINCHAK: Yes. Additional residential construction is expected, although
2 construction has been declining due to recent economic factors. A total of seven hundred
3 thirty-five (735) residences are contemplated. All lots have been sold. All of the residences
4 contemplated would be located within the physical confines of Haig Point Plantation and served
5 by Haig Point Utility Company, Inc.

6
7 BY MR. STRAUSS: Can you estimate when buildout is estimated to occur for Haig Point
8 Plantation?

9
10 BY MR. KARABINCHAK: It was originally estimated to be 2024, but the real buildout date is
11 probably well beyond that.

12
13 BY MR. STRAUSS: Why did you make the decision to attempt to purchase Haig Point Utility
14 Company, Inc.?

15
16 BY MR. KARABINCHAK: It was a unique opportunity to own a private utility which can be
17 upgraded for the betterment of Haig Point, and all of the homeowners within Haig Point.

18
19 BY MR. STRAUSS: How can property owners be assured that they will have a tap for water
20 service once a residence is built?

21
22 BY MR. KARABINCHAK: Pursuant to the HUD statement for the properties within Haig Point
23 Plantation, when a lot is sold, but remains undeveloped, the lot owner must pay an annual
24 availability fee of One Hundred Eighty Dollars (\$180.00) to Haig Point, Inc. This availability fee
25 payment would be honored by CK Materials, LLC and would be paid to it in future years.

26
27 BY MR. STRAUSS: Does this fee reserve a certain usage capacity for each customer once they
28 become connected?

1 BY MR. KARABINCHAK: No. The availability fee simply reserves a tap. Usage would be based
2 upon the then existing withdrawal capacity, which, in turn, is based on reasonable water use
3 and the viability of the water resource.

4

5 BY MR. STRAUSS: Are performance bonds currently in place for Haig Point Utility Company,
6 Inc.?

7

8 BY MR. KARABINCHAK: Yes. There are two Three Hundred Fifty Thousand Dollar (\$350,000.00)
9 performance bonds in place, one for water and one for sewer.

10

11 BY MR. STRAUSS: Are these two performance bonds transferable to CK Materials, LLC?

12

13 BY MR. KARABINCHAK: No.

14

15 BY MR. STRAUSS: Therefore, CK Materials, LLC will have to procure and provide its own bonds?

16

17 BY MR. KARABINCHAK: Yes.

18

19 BY MR. STRAUSS: Has CK Materials, LLC taken steps to procure such bonds?

20

21 BY MR. KARABINCHAK: Yes. We have received a letter of intent regarding commercial bonding
22 in the same amounts and will provide similar commercial bonds with the same amounts to the
23 South Carolina Public Service Commission.

24

25 BY MR. STRAUSS: Does CK Materials, LLC have any experience in running a water utility?

26

27 BY MR. KARABINCHAK: Not specifically and, therefore, we have retained the services of John
28 Guastella and Guastella Associates to provide management for the utility. Mr. Guastella and

1 his firm are nationally recognized experts in the fields of utility regulation, rate-setting, and
2 management.

3
4 BY MR. STRAUSS: Please describe what Mr. Guastella and Guastella Associates have been
5 retained to do with regard to Haig Point Utility Company, Inc.

6
7 BY MR. KARABINCHAK: Guastella Associates, Inc. is lead by its President, John F. Guastella, who
8 has extensive knowledge and experience in all aspects of utility regulation and rate setting,
9 encompassing revenue requirements, revenues, operation and maintenance expenses,
10 depreciation, accounting, taxes, return on investment, cost allocation and rate design. Based on
11 the firm's qualifications and experience, HPUC will look to Guastella Associates to assist in
12 continuing to operate and maintain the utilities, as well as to provide safe and adequate service
13 to the customers. Additionally, Guastella Associates, Inc. will aid HPUC with its financial
14 management and oversight, record keeping, and assistance in continuing to operate in an
15 environmentally friendly manner as well as seek new and better ways to further HPUC's
16 conservation efforts.

17
18 BY MR. STRAUSS: Will CK Materials, LLC retain the current Haig Point Utility Company, Inc.
19 employees after the sale?

20
21 BY MR. KARABINCHAK: Yes. I feel it is important to maintain continuity.

22
23 BY MR. STRAUSS: How will you and your company plan for future plant expansion, upgrades, or
24 renovations?

25
26 BY MR. KARABINCHAK: With the help of Guastella Associates, we will strive to maintain
27 appropriate rate structures so that the utility is able to attract capital for such investment.

28
29 BY MR. STRAUSS: Will your company as the new owner institute water conservation measures?

1 BY MR. KARABINCHAK: Yes. The viability of the water resource is vital to everyone on the
2 coast of South Carolina. Under the proposed ownership, conservation of the resource will be a
3 priority. We will work with Guastella Associates to evaluate conservation options available to
4 us, to develop conservation goals, to educate and assist the customers in understanding such
5 goals, and to enforce them when necessary.

6

7 BY MR. STRAUSS: Does this conclude your testimony?

8

9 BY MR. KARABINCHAK: Yes.

**JOINT APPLICATION OF HAIG POINT, INC.
AND CK MATERIALS, LLC FOR APPROVAL
OF THE SALE AND TRANSFER OF STOCK,
ASSETS AND OPERATING AUTHORITY**

DOCKET NO.: 2007-414-W/S

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

TESTIMONY PREPARED: MARCH 26, 2008

HEARING DATE: APRIL 24, 2008

PRE-FILED TESTIMONY OF JOHN GUASTELLA

1 **BY MS. EVANS: Please state your name.**

2 BY MR. GUASTELLA: John F. Guastella.

3 **By MS. EVANS: Please state your business address.**

4 BY MR. GUASTELLA: Guastella Associates, Inc., 6 Beacon Street, Suite 410,
5 Boston, Massachusetts 02108.

6 **BY MS. EVANS: Please state your occupation.**

7 BY MR. GUASTELLA: I am President of Guastella Associates, Inc.

8 **BY MS. EVANS: Please describe Guastella Associates, Inc.**

9 BY MR. GUASTELLA: Guastella Associates, Inc. provides utility management
10 valuation and rate consulting services to both regulated and unregulated utilities.

11 **BY MS. EVANS: Please describe your educational background.**

12 BY MR. GUASTELLA: I graduated from Stevens Institute of Technology in June of
13 1962, receiving a degree in Mechanical Engineering.

14 **BY MS. EVANS: Have you completed additional training and/or education since**
15 **your graduation in 1962?**

16 BY MR. GUASTELLA: I have completed courses in utility regulation sponsored by the
17 National Association of Regulatory Utility Commissioners (“NARUC”) and conducted
18 by the University of Colorado, the University of South Florida, Florida Atlantic
19 University, the University of Utah, Florida State University, the University of Florida and
20 Michigan State University.

21 **By MS. EVANS: Do you hold any professional licensure?**

22 BY MR. GUASTELLA: I am a licensed professional engineer.

23 **BY MS. EVANS: Please state your work history.**

1 BY MR. GUASTELLA: From 1962 to 1978, a total of sixteen years, I was employed by
2 the New York State Public Service Commission. With the exception of two years in
3 which I was involved in the regulation of electric and gas utilities, my time with the
4 Commission was devoted to the regulation of water utilities. After a series of promotions
5 during the years of 1962 to 1970, attained through competitive examinations, I was
6 promoted to Chief of Rates and Finance in the Commission's Water Division. In 1972 I
7 was made Assistant Director of the Water Division. In 1974 I was appointed by the
8 Chairman of the Commission as Director of the Water Division, a position I held until my
9 resignation from the Commission in August of 1978.

10 **BY MS. EVANS: What were your duties in your various positions at the New York**
11 **State Public Service Commission?**

12 BY MR. GUASTELLA: My duties with the Commission included the performance and
13 supervision of various engineering and economic studies concerning valuation of utility
14 property, financing, rates and service of electric, gas and water utilities. While in the
15 Water Division, I either examined or supervised the examination of the books and records
16 of literally hundreds of water utilities. As Director of the Water Division, I was
17 responsible for regulation of more than four hundred and fifty water companies in New
18 York, leading a professional staff consisting of thirty-two engineers and three
19 technicians. One of my primary duties was to advise the Commission during its
20 adjudication of formal proceedings, as well as other matters. In the course of those
21 deliberations I reviewed and analyzed testimony, exhibits and briefs submitted in formal
22 proceedings. My duties and responsibilities covered such subjects as the reasonableness
23 of investments in utility plant, acquisitions, depreciation, contributions in aid of

1 construction, advances in aid of construction, construction work in progress, working
2 capital, amortizations, rate base, revenue level, operation and maintenance expenses,
3 taxes, cost of capital, fundable capital, financing, capital structure, rate of return, rate
4 design, rate structure, quality of service and, in general, all aspects of utility valuation,
5 rate setting and service. Another major responsibility was the review of all proposed
6 legislation affecting water utilities in New York, and the subsequent preparation of
7 recommendations for use by the governor or other legislature in considering such
8 legislation. I also made legislative proposals and participated directly in drafting bills
9 that were enacted. One example of legislation I was involved in expanded the New York
10 Public Service Commission's jurisdiction with respect to the regulation of the service
11 provided by small water companies. Another dealt specifically with rate regulation and
12 financing of developer-related water systems. During my employment with the
13 Commission, I handled or supervised the handling of thousands of consumer complaints
14 by individuals, corporations and municipal, governmental and political officials.

15 **BY MS. EVANS: What did you do when you left the New York Public Service**
16 **Commission in 1978?**

17 BY MR. GUASTELLA: In 1978, I formed Guastella Associates, Inc. In addition to the
18 experience I have already discussed, I have prepared appraisals and valuations of utility
19 property, depreciation studies, rate analyses, cost allocation and rate design studies, and
20 management and financial analyses. I have provided consulting services for municipal
21 and investor-owned water and sewer utilities, as well as gas utilities and solid waste
22 collection and disposal companies.

1 **BY MS. EVANS: Please state your particular expertise in the management of**
2 **utilities and other utility matters.**

3 BY MR. GUASTELLA: From 1987 to 1991, concurrent with my position as President of
4 Guastella Associates, Inc., I served as President of Country Knolls Water Works Inc.,
5 where I directed the management and operation of a utility which served approximately
6 five thousand customers. In addition, during the course of providing consulting services
7 to small water and wastewater utilities, mostly developer related, I have provided
8 management advice as to record-keeping, capital planning, extension of service, rules and
9 regulations, and most aspects of utility operations and management.

10 **BY MS. EVANS: Before what regulatory agencies and municipal jurisdictions have**
11 **you previously presented expert testimony?**

12 BY MR. GUASTELLA: I have presented expert testimony in the states of Alaska,
13 California, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Maryland,
14 Massachusetts, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico,
15 New York, North Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, Texas, and
16 Virginia. Exhibit 2 contains a list of specific proceedings in which testimony was
17 provided.

18 [Introduction of Exhibit 2]

19 **BY MS. EVANS: Are you active in professional organizations and associations?**

20 BY MR. GUASTELLA: Yes. I have been or am active in the National Association of
21 Water Companies, the National Association of Regulatory Utility Commissioners, the
22 American Water Works Association (Lifetime Member), and the New England Water
23 Works Association (Lifetime Member).

1 **BY MS. EVANS: Please describe your participation in the National Association of**
2 **Water Companies.**

3 BY MR. GUASTELLA: As a member of the National Association of Water Companies
4 (“NAWC”), I served on its Rates and Revenue Committee and Small Company
5 Committee. I have also served on a joint committee on rate design composed of staff
6 members of NARUC and NAWC.

7 **BY MS. EVANS: Please describe your participation in the American Water Works**
8 **Association.**

9 BY MR. GUASTELLA: I have served on the Water Rates Committee of the American
10 Water Works Association (“AWWA”) and assisted in the preparation of the AWWA
11 Water Rates Manual, Third Edition. In connection with my serving on the referenced
12 committees and in connection with various client projects I have undertaken in the course
13 of my work, I have participated in decisional meetings to determine proper engineering
14 and construction criteria in relation to costs in the design of water and sewer systems.

15 **BY MS. EVANS: Please describe your participation in the National Association of**
16 **Regulatory Utility Commissioners.**

17 BY MR. GUASTELLA: I served as Vice-Chairman of the Staff-Committee on Water of
18 the NARUC. While on that committee, I prepared an instruction manual entitled, “Model
19 Record-Keeping Manual for Small Water Companies,” which was published by NARUC.
20 The manual describes in detail the kinds of operating and accounting records that should
21 be kept by small water utilities, with instructions on how to use those records in order to
22 properly operate a water system and properly keep account of the cost of providing
23 service. Each year since 1974 I have prepared study material, assisted in program

1 coordination and served as an instructor at the Eastern Annual Seminar on Water Rate
2 Regulation sponsored by the NARUC in conjunction with the University of South
3 Florida, Florida Atlantic University, the University of Utah, Florida State University, the
4 University of Florida, and currently the University of Michigan. This course is
5 recognized as one of the best available for teaching rate-setting principles and
6 methodology. It is attended by regulatory staff, utility personnel and accounting,
7 engineering, legal and consulting firms throughout the county.

8 In 1980, as special consultant to NARUC, I assisted in the establishment of another
9 similar seminar that has been held annually in the spring in the western United States.

10 **BY MS. EVANS: Please describe any other teaching or seminars you have**
11 **conducted.**

12 BY MR. GUASTELLA: In 1979, I served as an instructor and panelist in a seminar on
13 water and sewer utility regulation conducted by the Independent Water and Sewer
14 Companies of Texas. In 1998, I prepared and conducted a rate regulation seminar in
15 Maine on behalf of the New England Chapter of the National Association of Water
16 Companies. In 2000 and 2001, in conjunction with Florida State University, I established
17 and conducted a special seminar for developer-related and small water and sewer utilities.
18 This seminar provided instruction as to the financial structuring, valuing, financing, rate
19 setting and regulatory requirements for small investor-owned utilities. In 2003 I
20 conducted a similar seminar in conjunction with the University of Florida. In 2004, I
21 prepared and conducted a special workshop seminar on behalf of the Office of
22 Regulatory Staff of South Carolina. In 2005 and 2006, I moderated panel discussions and
23 made presentations on Innovations in Rate Setting on behalf of the New York and New

1 England Chapters of the NAWC, respectively. In 2006 and 2007, I prepared and
2 conducted seminars on rate setting and valuation on behalf of New York and New
3 England Chapters of NAWC, respectively.

4 **BY MS. EVANS: Would you tell us what papers and presentations you have made?**

5 BY MR. GUASTELLA: I have prepared and presented papers at a number of meetings
6 of the NARUC, the AWWA, the NAWC, the New England Conference of Public
7 Utilities Commissioners, the Florida, New England, New Jersey and New York Chapters
8 of NAWC, the Mid-America Regulatory Conference, the Southeastern Association of
9 Regulatory Utility Commissioners, the Pennsylvania Environmental Conference, and the
10 Public Utility Law Section of the New Jersey Bar Associations. In 2006, I participated in
11 a special "Expert Workshop" on Full Cost Pricing conducted by the U.S. Environmental
12 Protection Agency in conjunction with the Institute of Public Utilities of Michigan State
13 University. In 2007, I made a presentation on Weather Sensitive Customer Demands to
14 the NAWC Water Utility Executive Council. Exhibit 3 is a detailed list of papers and
15 presentations.

16 [Introduction of Exhibit 3]

17 **BY MS. EVANS: Can you tell us what your role is in the present matter before the**
18 **Commission?**

19 BY MR. GUASTELLA: Guastella Associates, Inc. has been retained through Novit &
20 Scarminach, P.A. to provide consulting services to Haig Point Utility Company, Inc. and
21 CK Materials, LLC in connection with the filing of an application for transfer of assets
22 and operating authority of Haig Point Utility Company, Inc., from Haig Point, Inc. to CK
23 Materials.

1 **BY MS. EVANS: Prior to this engagement, were you familiar with Haig Point**
2 **Utility Company, Inc.?**

3 BY MR. GUASTELLA: Yes, in the rate case before the Commission in 2005, I was
4 contracted to provide rate setting expertise to Haig Point Utility Company in its request to
5 increase certain water and sewer rates. Specifically, my company was asked to analyze
6 the utility's cost of operations, to prepare the necessary schedules and testimony in
7 support of a rate increase and to participate, as necessary, in the rate case.

8 **BY MS. EVANS: Did you testify before the Commission in the rate case?**

9 BY MR. GUASTELLA: I did, both in the form of prefiled direct and rebuttal
10 testimony and live testimony in front of the Commission.

11 **BY MS. EVANS: Specific to the issue before the Commission today, what duties**
12 **and responsibilities do you propose that your firm will perform on behalf of Haig**
13 **Point Utility Company?**

14 BY MR. GUASTELLA: I have prepared an outline of the goals and duties that would be
15 my responsibility in managing Haig Point Utility Company.

16 **BY MS. EVANS: I am going to hand you what has been marked as Exhibit 4.**
17 **Is this the outline you prepared?**

18 BY MR. GUASTELLA: Yes.

19 **BY MS. EVANS: Was Exhibit 4 prepared based upon your personal knowledge of**
20 **the duties described in the Outline of Management Services Agreement?**

21 BY MR. GUASTELLA: Yes.

1 **BY MS. EVANS: Does Exhibit 4 contain the management goals and scope of**
2 **services of your company pursuant to the Outline of Management Services**
3 **Agreement?**

4 BY MR. GUASTELLA: Yes.

5 [Introduction of Exhibit 4]

6 **BY MS. EVANS: Exhibit 4, the Outline of Management Services Agreement,**
7 **outlines “management goals” for Haig Point Utility Company, Inc. after the**
8 **proposed sale/transfer to CK Materials, LLC, correct?**

9 BY MR. GUASTELLA: Yes.

10 **BY MS. EVANS: In general, what are those goals?**

11 BY MR. GUASTELLA: My chief goal is to ensure that the utility provides safe and
12 adequate service to its existing and future customers in a manner that complies with all
13 applicable regulatory requirements. This goal includes providing proactive customer
14 service. As well, a chief goal is to maintain financial and operational records that comply
15 with regulatory requirements and which establish and preserve the utility’s assets.
16 Finally, I will work to establish fair and equitable rates for water and wastewater service.
17 These rates should allow the utility to recover the reasonable cost of providing service as
18 well as produce a return on investment that will enable the utility to maintain its financial
19 integrity and to attract capital based on its financial condition.

20 **BY MS. EVANS: Under your arrangement with CK Materials, LLC, who will**
21 **supervise the day to day operation of the utility?**

22 BY MR. GUASTELLA: I will supervise all operations as well as the current utility
23 employees, who will remain employees of the utility.

1 **BY MS. EVANS: Who will supervise any vendors, contractors, or other**
2 **professionals who may perform work with or at the utility?**

3 BY MR. GUASTELLA: I will.

4 **BY MS. EVANS: Who will maintain the utility's books and records?**

5 BY MR. GUASTELLA: I will.

6 **BY MS. EVANS: What utility books and records will you maintain?**

7 BY MR. GUASTELLA: All books and records, including accounting, financial, and
8 operational records, or other documents required by the Public Service Commission, the
9 South Carolina Department of Health and Environmental Control, or any other
10 governmental agency.

11 **BY MS. EVANS: Who will bill customers for utility services?**

12 BY MR. GUASTELLA: I will perform all billing, accounting, and bill collection. I will
13 also ensure that customer account records, billing analyses, and any other documents
14 relating to services provided are maintained.

15 **BY MS. EVANS: Who will prepare budgets and other financial reports?**

16 BY MR. GUASTELLA: I will prepare all financial and operating reports required by
17 any governmental entity. I will also prepare annual budgets and financial reports to
18 stockholders, as well as quarterly financial and operating reports.

19 **BY MS. EVANS: If system expansion, capital improvements, or replacement is**
20 **needed, what will be your role?**

21 BY MR. GUASTELLA: In addition to ensuring that rates and financial integrity are
22 appropriate so as to attract capital investment, I will also work with lenders to obtain
23 necessary financing. In terms of actual work on the physical plant, I will negotiate and

1 implement contracts with vendors, contractors, and other necessary professionals. I will
2 supervise those vendors, contractors, and other professionals. I would also direct and
3 supervise the actual projects undertaken.

4 **BY MS. EVANS: Are there other duties that you will have?**

5 BY MR. GUASTELLA: Generally, I will be responsible for and carry out all business
6 that affects or is related to the management and operation of the utility.

7 **BY MS. EVANS: To whom will you report?**

8 BY MR. GUASTELLA: I will be responsible to the utility's officers, specifically to its
9 president, Mr. Karabinchak.

10 **BY MS. EVANS: What challenges are facing Haig Point Utility Company?**

11 BY MR. GUASTELLA: The utility faces the typical challenges that all investor-owned
12 utilities do; that is, to develop a successful utility in the face of environmental and
13 economic regulation. In terms of its water source, the utility faces the challenge that all
14 utilities which draw from the Upper Floridian Aquifer do, the challenge of encouraging
15 and perhaps implementing required conservation measures as the resource evolves.

16 **BY MS. EVANS: How do you plan on addressing these challenges?**

17 BY MR. GUASTELLA: Each problem represents an opportunity and each
18 opportunity must be analyzed thoroughly. When I take over management of the
19 utility, I plan on performing a thorough study of its operations, including examining
20 water usage patterns. This should allow me to develop a water management plan,
21 which will include specific conservation plans so that we can prepare a new
22 generation of wise-water users and keep the utility strong. It will also include a
23 strong and sustained water education program within the service area.

1 **BY MS. EVANS: How will the utility address the possible need for future capital**
2 **improvements?**

3 BY MR. GUASTELLA: The only way that any utility can. We will have to establish
4 fair and equitable rates for utility service that will enable the utility to be financially
5 healthy. We will ensure that the utility is run efficiently. Then, when capital investment
6 is needed, the utility should be able to attract capital based upon the strength of its own
7 financial condition.

8 **BY MS. EVANS: How will you address the water resource issue?**

9 BY MR. GUASTELLA: The first step would be to evaluate the existing and projected
10 water demands and capacity of the water supplies. On the basis of that evaluation, an
11 appropriate conservation program would be developed and implemented, one that
12 promotes conservation to the full extent that it is needed, but one that is mindful of the
13 desires of the customers to use water wisely, without unnecessary restrictions. I will
14 work with the South Carolina Department of Health and Environmental Control to assess
15 the resource issue over the coming years. With its assistance and input, I will design
16 specific conservation plans. The customers would be informed as to the availability of
17 water supplies, demands and conservation efforts, and provided with an opportunity to be
18 involved in the planning process.

19 **BY MS. EVANS: Does this complete your testimony?**

20 BY MR. GUASTELLA: Yes.

EXHIBIT 2

John F. Guastella
List of Proceedings in which
Expert Testimony
was Presented

Year	Client	State	Regulatory Docket/Case Number
1966	Sunhill Water Corporation	New York	23968
1967	Amagansett Water Company	New York	24210
1967	Worley Homes, Inc.	New York	24466
1968	Amagansett Water Company	New York	24718
1968	Amagansett Water Company	New York	24883
1968	Sunhill Water Corporation	New York	23968
1968	Worley Homes, Inc.	New York	Supreme Court
1969	Amagansett Water Supply	New York	24883
1969	Citizens Water Supply Co.	New York	25049
1969	Worley Homes, Inc.	New York	24466/24992
1970	Brooklyn Union Gas Company	New York	25448
1970	Consolidated Edison of New York	New York	25185
1971	Hudson Valley Water Companies	New York	26093
1971	Jamaica Water Supply Company	New York	26094
1971	Port Chester Water Works, Inc.	New York	25797
1971	U & I Corp. - Merrick District	New York	26143
1971	Wanakah Water Company	New York	25873
1972	Spring Valley Water Company	New York	26226
1972	U & I Corp. - Woodhaven District	New York	26232
1973	Citizens Water Supply Company	New York	26366
1978	Rhode Island DPU&C (Bristol County)	Rhode Island	1367A
1979	Candlewick Lake Utilities Co.	Illinois	76-0218
1979	Candlewick Lake Utilities Co.	Illinois	76-0347
1979	Candlewick Lake Utilities Co.	Illinois	78-0151
1979	Jacksonville Suburban Utilities	Florida	770316-WS
1979	New York Water Service Corporation	New York	27594
1979	Salem Hills Sewerage Disposal Corp. v. V. of Voorheesville	New York	Supreme Court
1979	Seabrook Water Corporation	New Jersey	7910-846
1979	Southern Utilities Corporation	Florida	770317-WS
1979	Township of South Brunswick	New Jersey	Municipal
1979	Westchester Joint Water Works	New York	Municipal
1979	Woodhaven Utilities Corporation	Illinois	77-0109
1980	Crestwood Village Sewer Company	New Jersey	BPU 802-78
1980	Crestwood Village Water Company	New Jersey	BPU 802-77
1980	Gateway Water Supply Corporation	Texas	Municipal
1980	GWW-Central Florida District	Florida	800004-WS
1980	Jamaica Water Supply Company	New York	27587
1980	Rhode Island DPU&C (Newport Water)	Rhode Island	1480
1981	Briarcliff Utilities, Inc.	Texas	3620
1981	Candlewick Lake Utilities Co.	Illinois	81-0011
1981	Caroline Water Company, Inc.	Virginia	810065
1981	GDU, Inc. - Northport	Florida	Municipal
1981	GDU, Inc. - Port Charlotte	Florida	Municipal
1981	GDU, Inc. - Port Malabar	Florida	80-2192
1981	Hobe Sound Water Company	Florida	8000776
1981	Lake Buckhorn Utilities, Inc.	Ohio	80-999
1981	Lake Kiowa Utilities, Inc.	Texas	3621
1981	Lakengren Utilities, Inc.	Ohio	80-1001
1981	Lorelei Utilities, Inc.	Ohio	80-1000
1981	New York Water Service Corporation	New York	28042
1981	Rhode Island DPU&C (Newport Water)	Rhode Island	1581
1981	Shawnee Hills Utility Company	Ohio	80-1002
1981	Smithville Water Company, Inc.	New Jersey	808-541
1981	Spring Valley Water Company, Inc.	New York	27936
1981	Spring Valley Water Company, Inc.	New York	27936
1981	Sunhill Water Corporation	New York	27903
1981	Swan Lake Water Corporation	New York	27904
1982	Chesterfield Commons Sewer Company	New Jersey	822-84
1982	Chesterfield Commons Water Company	New Jersey	822-83
1982	Crescent Waste Treatment Corp.	New York	Municipal
1982	Crestwood Village Sewer Company	New Jersey	821-33
1982	Crestwood Village Water Company	New Jersey	821-38
1982	Salem Hills Sewerage Disposal Corp.	New York	Municipal
1982	Township of South Brunswick	New Jersey	Municipal
1982	Woodhaven Utilities Corporation	Illinois	82-0167
1983	Country Knolls Water Works, Inc.	New York	28194
1983	Heritage Hills Water Works Corp.	New York	28453
1984	Crestwood Village Sewer Company	New Jersey	8310-861
1984	Crestwood Village Water Company	New Jersey	8310-860
1984	Environmental Disposal Corp.	New Jersey	816-552
1984	GDU, Inc. - Port St. Lucie	Florida	830421
1984	Heritage Village Water (water/sewer)	Connecticut	84-08-03
1984	Hurley Water Company, Inc.	New York	28820

John F. Guastella
List of Proceedings in which
Expert Testimony
was Presented

Year	Client	State	Regulatory Docket/Case Number
1984	New York Water Service Corporation	New York	28901
1985	Deltona Utilities (water/sewer)	Florida	830281
1985	J. Filiberto Sanitation, Inc.	New Jersey	8411-1213
1985	Sterling Forest Pollution Control	New York	Municipal
1985	Water Works Enterprise, Grand Forks	North Dakota	Municipal
1986	GDU, Inc. - Port Charlotte	Florida	Municipal
1986	GDU, Inc. - Sebastian Highlands	Florida	Municipal
1986	Kings Grant Water/Sewer Companies (settled)	New Jersey	WR8508-868
1986	Mt. Ebo Sewage Works, Inc.	New York	Municipal
1986	Sterling Forest Pollution Control	New York	Municipal
1987	Country Knolls Water Works, Inc.	New York	29443
1987	Crestwood Village Sewer Co. (settled)	New Jersey	WR8701-38
1987	Deltona Utilities - Marco Island	Florida	850151-WS
1987	Deltona Utilities, Inc. - Citrus Springs (settled)	Florida	870092-WS
1987	First Brewster Water Corp. v. Town of Southeast (settled)	New York	Supreme Court
1987	GDU, Inc. - Silver Springs Shores	Florida	870239-WS
1987	Ocean County Landfill Corporation	New Jersey	SR-8703117
1987	Palm Coast Utility Corporation	Florida	870166-WS
1987	Sanlando Utilities Corp. (settled)	Florida	860683-WS
1987	Township of South Brunswick	New Jersey	Municipal
1987	Woodhaven Utilities Corp. (settled)	Illinois	87-0047
1988	Crescent Estates Water Co., Inc.	New York	88-W-035
1988	Elizabethtown Water Co.	New Jersey	OAL PUC3464-88
1988	Heritage Village Water Company	Connecticut	87-10-02
1988	Instant Disposal Service, Inc.	New Jersey	SR-87080864
1988	J. Filiberto Sanitation v. Morris County Transfer Station	New Jersey	01487-88
1988	Ohio Water Service Co.	Ohio	86-1887-WW-CO1
1988	St. Augustine Shores Utilities	Florida	870980-WS
1989	Elizabethtown Water Co.	New Jersey	BPU WR89020132J
1989	GDU (FPSC generic proceeding as to rate setting procedures)	Florida	880883-WS
1989	Gordon's Corner Water Co.	New Jersey	OAL PUC479-89
1989	Heritage Hills Sewage Works	Connecticut	Municipal
1989	Heritage Village Water Company	Connecticut	87-10-02
1989	Palm Coast Utility Corporation	Florida	890277-WS
1989	Southbridge Water Supply Co.	Massachusetts	DPU 89-25
1989	Sterling Forest Water Co.	New York	PSC 88-W-263
1990	American Utilities, Inc. - United States Bankruptcy Court	New Jersey	85-00316
1990	City of Carson City	Nevada	Municipal
1990	Country Knolls Water Works, Inc.	New York	90-W-0458
1990	Elizabethtown Water Company	New Jersey	WR900050497J
1990	Kent County Water Authority	Rhode Island	1952
1990	Palm Coast Utility Corporation	Florida	871395-WS
1990	Southern States Utilities, Inc.	Florida	Workshop
1990	Trenton Water Works	New Jersey	WR90020077J
1990	Waste Management of New Jersey	New Jersey	SE 87070552
1990	Waste Management of New Jersey	New Jersey	SE 87070566
1991	City of Grand Forks	North Dakota	Municipal
1991	Gordon's Corner Water Co.	New Jersey	OAL PUC8329-90
1991	Southern States Utilities, Inc.	Florida	900329-WS
1992	Elizabethtown Water Co.	New Jersey	WR 91081293J
1992	General Development Utilities, Inc. - Port Malabar Division	Florida	911030-WS
1992	General Development Utilities, Inc. - West Coast Division	Florida	911067-WS
1992	Heritage Hills Water Works, Inc.	New York	92-2-0576
1993	General Development Utilities, Inc. - Port LaBelle Division	Florida	911737-WS
1993	General Development Utilities, Inc. - Silver Springs Shores	Florida	911733-WS
1993	General Waterworks of Pennsylvania - Dauphin Cons. Water Supply	Pennsylvania	R-00932604
1993	Kent County Water Authority	Rhode Island	2098
1993	Southern States Utilities - FPSC Rulemaking	Florida	911082-WS
1993	Southern States Utilities - Marco Island	Florida	920655-WS
1994	Capital City Water Company	Missouri	WR-94-297
1994	Capital City Water Company	Missouri	WR-94-297
1994	Elizabethtown Water Company	New Jersey	WR94080346
1994	Elizabethtown Water Company	New Jersey	WR94080346
1994	Environmental Disposal Corp.	New Jersey	WR94070319
1994	General Development Utilities - Port Charlotte	Florida	940000-WS
1994	General Waterworks of Pennsylvania	Pennsylvania	R-00943152
1994	Hoosier Water Company - Mooresville Division	Indiana	39839
1994	Hoosier Water Company - Warsaw Division	Indiana	39838
1994	Hoosier Water Company - Winchester Division	Indiana	39840
1994	West Lafayette Water Company	Indiana	39841
1994	Wilmington Suburban Water Corporation	Delaware	94-149 (stld)
1995	Butte Water Company	Montana	Cause 90-C-90
1995	Heritage Hills Sewage Works Corporation	New York	Municipal

John F. Guastella
List of Proceedings in which
Expert Testimony
was Presented

Year	Client	State	Regulatory Docket/Case Number
1996	Consumers Illinois Water Company	Illinois	95-0342
1996	Elizabethtown Water Company	New Jersey	WR95110557
1996	Palm Coast Utility Corporation	Florida	951056-WS
1996	PenPac, Inc.	New Jersey	OAL-00788-93N
1996	Southern States Utilities, Marco Island	Florida	950495-WS
1997	Crestwood Village Water Company	New Jersey	BPU 96100739
1997	Indiana American Water Co., Inc.	Indiana	IURC 40703
1997	Missouri-American Water Company	Missouri	WR-97-237
1997	South County Water Corp	New York	97-W-0667
1997	United Water Florida	Florida	960451-WS
1998	Consumer Illinois Water Company	Illinois	98-0632
1998	Consumers Illinois Water Company	Illinois	97-0351
1998	Heritage Hills Water Company	New York	97-W-1561
1998	Missouri-American Wastewater Company	Missouri	SR-97-238
1999	Consumers Illinois Water Company	Illinois	99-0288
1999	Environmental Disposal Corp.	New Jersey	WR99040249
1999	Indiana American Water Co., Inc.	Indiana	IURC 41320
2000	South Haven Sewer Works, Inc.	Indiana	Cause: 41410
2000	Utilities Inc. of Maryland	Maryland	CAL 97-17811
2001	Artesian Water Company	Delaware	00-649
2001	Citizens Utilities Company	Illinois	01-0001
2001	Elizabethtown Water Company	New Jersey	WR-0104205
2001	Kiawah Island Utility, Inc.	South Carolina	2001-164-W/S
2001	Placid Lakes Water Company	Florida	011621-WU
2001	South Haven Sewer Works, Inc.	Indiana	41903
2001	Southlake Utilities, Inc.	Florida	981609-WS
2002	Artesian Water Company	Delaware	02-109
2002	Consumers Illinois Water- Grant Park	Illinois	02-0480
2002	Consumers Illinois Water- Village Woods	Illinois	02-0539
2002	Valencia Water Company	California	02-05-013
2003	Consumers Illinois Water - Indianola	Illinois	03-0069
2003	Elizabethtown Water Company	New Jersey	WR-030-70510
2003	Golden Heart Utilities, Inc.	Alaska	U-02-13, 14 & 15
2003	Utilities, Inc. - Georgia	Georgia	CV02-0495-AB
2004	Aquarion Water Company	Connecticut	04-02-14
2004	Artesian Water Company	Delaware	04-42
2004	El Dorado Utilities, Inc.	New Mexico	D-101-CU-2004-
2004	Environmental Disposal Corp.	New Jersey	DPU WR 03 070509
2004	Heritage Hills Water Company	New York	03-W-1182
2004	Jersey City MUA	New Jersey	Municipal
2004	Rockland Electric Company	New Jersey	EF02110852
2005	Aquarion Water Company	New Hampshire	DW 05-119
2005	Intercoastal Utilities, Inc.	Florida	04-0007-0011-0001
2005	Haig Point Utility Company, Inc.	South Carolina	2005-34-W/S
2005	Aquarion Water Company	New Hampshire	DW 05-119
2005	South Central Connecticut Regional Water Auth.	Connecticut	Municipal
2006	Pennichuck Water Works, Inc.	New Hampshire	DW-04048
2006	Village of Williston Park	New York	Municipal
2006	Connecticut Water Company	Connecticut	06-07-08
2006	Birmingham Utilities, Inc.	Connecticut	06-05-10
2006	Aqua Utilities, Inc.	Florida	060368-WS
2007	Aquarion Water Company of CT	Connecticut	07-05-19
2007	Pennichuck Water Works, Inc.	New Hampshire	DW 04-048
2007	Aqua Utilities, Inc.	Florida	07-0183

EXHIBIT 3

Papers and Presentations

By

John F. Guastella

Year	Title	Forum
1974 through Present	1. Basics of Rate Setting 2. Cost Allocation and Rate Design 3. Revenue Requirements	Semi-annual seminars on utility rate regulation, National Association of Regulatory Utility Commissioners, sponsored by University of South Florida, of Utah, Florida State University, and University of Florida, held in the states of Florida, Utah and California
1974	Rate Design Studies: A Regulatory Point-of-View	Annual convention of the National Association of Water Companies, New Haven, Connecticut
1976	Lifeline Rates	Annual convention of the National Association of Water Companies, Chattanooga, Tennessee
1977	Regulating Water Utilities: The Customers' Best Interest	Annual symposium of the New England Conference of Public Utilities Commissioners, Mystic Seaport, Connecticut
1978	Rate Design: Preaching v. Practice	Annual convention of the National Association of Water Companies, Baton Rouge, Louisiana
1979	Small Water Companies	Annual symposium of the New England Conference of Public Utilities Commissioners, Newport, Rhode Island
1979	Rate Making Problems Peculiar to Private Water and Sewer Companies	Special educational program sponsored by Independent Water and Sewer Companies of Texas, Austin, Texas
1980	Water Utility Regulation	Annual meeting of the National Association of Regulatory Utility Commissioners, Houston, Texas
1981	The Impact of Water Rates on Water Usage	Annual Pennsylvania Environmental Conference, Harrisburg, Pennsylvania
1981	A Realistic Approach to Regulating Water Utilities	Mid-America Regulatory Conference, Clarksville, Indiana
1982	Issues in Water Utility Regulation	Annual symposium of the New England Conference of Public Utilities Commissioners, Rockport, Maine
1982	New Approaches to the Regulation of Water Utilities	Southeastern Association of Regulatory Utility Commissioners, Asheville, North Carolina
1983	Allocating Costs and Revenues Fairly and Effectively	Maryland Water and Sewer Finance Conference, Westminster, Maryland
1983	Lifeline and Social Policy Pricing	Annual conference of the American Water Works Association, Las Vegas, Nevada (published)
1984	The Real Cost of Service: Some Special Considerations	Annual New Jersey Section AWWA Spring Meeting, Atlantic City, New Jersey
1987	Margin Reserve: It's Not the Issue	Florida Waterworks Association Newsletter, April/May/June 1987 issue
1987	A "Current" Issue: CIAC	NAWC - New England Chapter November 6, 1987 meeting
1988	Small Water Company Rate Setting: Take It or Leave It	NAWC - New York Chapter June 14, 1988 meeting
1989	The Solution to all the Problems of Good Small Water Companies	NAWC Quarterly magazine, Winter issue
1989	Current Issues Workshop - Panel	New England Conference of Public Utilities Commissioners, Kennebunkport, Maine
1991	Alternative Rate Structures	New Jersey Section 1991 Annual Conference, AWWA, Atlantic City, New Jersey

Papers and Presentations
By
John F. Guastella

Year	Title	Forum
1994	Conservation Impact on Water Rates	New England NAWC and New England AWWA, Sturbridge, Massachusetts
1996	Utility Regulation - 21st Century	NAWC Annual Meeting, Orlando, Florida
1997	Current Status Drinking Water State Revolving Fund	NAWC Annual Meeting, San Diego, California
1998	Small Water Companies - Problems and Solutions	NAWC Annual Meeting, Indianapolis, Indiana
1998	Basic Rate Regulation Seminar	New England Chapter - NAWC, Rockport, Maine
2000	Developer Related Water and Sewer Utilities Seminar	Florida State University, Orlando, Florida
2001	Developer Related Water and Sewer Utilities Seminar	Florida State University, Orlando, Florida
2002	Regulatory Cooperation - Small Company Education	New England Chapter - NAWC, Annual Meeting
2003	Developer Related Water and Sewer Utilities Seminar	University of Florida, Orlando, Florida
2004	Basic Regulation & Rate Setting Training Seminar	Office of Regulatory Staff, Columbia, South Carolina
2005	Municipal Water Rates	Nassua-Suffolk Water Commissioners Association, Franklin Square, New York
2005	Innovations in Rate Setting and Procedures	NAWC New York Chapter, West Point, New York
2006	Basics of Rate Setting	The Connecticut Water Company, Clinton, Connecticut
2006	Innovations in Rate Setting and Procedures	NAWC New York Chapter, Catskill, New York
2006	Best Practices as Regulatory Policy	NAWC New England Chapter, Ogunquit, Maine
2006	Rate and Valuation Seminar	NAWC New York Chapter
2006	Full Cost Pricing	U.S. Environmental Protection Agency Expert Workshop, Lansing, Michigan
2006	Innovations in Rate Setting	NAWC New England Chapter, Portsmouth, New Hampshire
2007	Weather Sensitive Customer Demands	NAWC Water Utility Executive Council, Half Moon Bay, California
2007	Basics of Rate Setting and Valuation Seminar	NAWC New England Chapter, Ogunquit, Maine
2007	Small Company Characteristics	National Drinking Water Symposium, La Jolla, California

EXHIBIT 4

Outline of Management Services Agreement

Management Goal

Haig Point must not only cope with the typical challenges faced by a fully developed investor-owned utility subject to environmental and economic regulation, it has the added challenges of being a small, developer-related utility that is still facing significant growth. It will be the management goal to assure that Haig Point:

1. Provides safe and adequate service to its existing and future customers throughout its service area in compliance with all regulatory requirements.
2. Provides excellent customer service in responding to customer inquiries, notification of utility activities and any matters that would have an impact on service and rates.
2. Establishes fair and equitable rates for service that recover the reasonable cost of providing service, and produce a return on investment that will enable Haig Point to maintain financial integrity and attract capital on the strength of its own financial condition.
3. Maintains financial and operational records that comply with prescribed requirements and which establish and preserve the full value of Haig Point's assets for future financing and market value determinations.
4. Balances the interests of its customers, stockholders and third party developers and individual applicants for service.
5. Maintains positive relationships with its customers, regulators, political officials and stockholders.

Scope of Services

It is anticipated that Guastella will advise and report to Haig Point's president, and that the president will also be responsible to delegate to Guastella authority to act on behalf of Haig Point in certain matters as identified by the president. Guastella will provide the following routine services:

1. Supervision of the day to day operation and maintenance of Haig Point's system, including supervision of operating employees, vendors and contractors.

2. Maintain books and records, including accounting, financial, and operational records, and other regulatory record requirements in accordance with the uniform system of accounts prescribed by the Public Service Commission ("PSC") and directed by the South Carolina Department of Health and Environmental Control ("DHEC") as well as the requirement of the Office of Regulatory Staff ("ORS").

3. Perform all billing, accounting and collecting, including the preparation of customer account records and billing analyses as necessary to comply with the PSC and ORS rate filing requirements.

4. Prepare financial and operating reports to regulatory agencies, including annual reports to the PSC, monthly operating reports to DHEP, and reports to the ORS, as required. Prepare annual budgets and financial reports to stockholders, as well as periodic (quarterly) financial and operating reports.

5. Provide information and assistance to outside tax accountants, consultants, engineers and attorneys as required in the normal course of business.

6. Obtain short and long term financing for operations and capital improvements and prepare the necessary documentation for lenders.

7. Employ and supervise all vendors, contractors and outside professionals as necessary to operate, maintain and expand Haig Point's system, and direct and supervise all plant expansion, capital improvements and replacements.

8. Implement existing contracts with developers and customers, and negotiate and implement new contracts and applications for service.

9. Maintain and revise general tariff provisions as to rates and terms of service, as necessary.

10. Be responsible for and carryout all other business incidental to the management and operation of Haig Point.

The above scope of services does not include the preparation and filing of general rate increases, any regulatory proceedings, appraisals, valuations or other matters that would typically require the services of outside consultants. To the extent that such work is within the qualifications and expertise of the Guastella Associates, Inc, that firm would be employed, under separately negotiated and approved agreements.